

# SVM World Equity Fund

The objective of the Fund is to achieve capital growth over the long term (5 years or more) and it aims to outperform the MSCI ACWI IMI. The Fund will identify investment opportunities in companies globally whose future growth is not reflected in current market expectations. The Fund will invest at least 80% in global equities and other equity related instruments. The Fund may invest in other permitted securities.



November 2021 | Share Class B

Factsheet as at 31 October 2021



## Monthly Fund Commentary

Investors' minds are fixated on the forthcoming Federal Reserve meeting and the prospects for monetary policy. The focus is on the inflation outlook and, in particular, what this will mean for the performance of different investment styles. In contrast to September, where a steepening yield curve led to substantial outperformance of value, more hawkish commentary from central bankers drove a flattening of the curve and 'growth' outperforming. The fund remained unchanged versus 3.1% for the MSCI ACWI Index

The pandemic, however, continues to obscure the outlook for both the economy and markets. The underlying economy appears strong, but lingering Covid concerns and ongoing supply chain issues are impacting growth. Within what was a generally impressive US earnings season, there was a significant divergence between companies whose supply chains are largely digital and those whose are longer and more complex. The discrepancy was evident in the results of the world's two most valuable companies, Microsoft and Apple. Both reported exceptionally strong earnings, but Apple stated that supply chain issues had cost the company \$6bn in revenue and the impact would be greater in the current quarter. Microsoft reported that both revenues and earnings were ahead of expectations and that the outlook was positive. The increasing impact on supply chains is evident from our conversations with many companies. Executives are keen to point out the strength of demand but are cautioning that supply bottlenecks are creating problems and that pricing discussion are becoming more challenging. The strength of demand should ensure earnings forecasts remain intact but in many instances any potential upside may be removed. If earnings revisions don't turn materially negative then we believe the equity market rally will continue, driven by supportive policy and a robust economic outlook.

Trading updates from portfolio companies were reassuring. As mentioned above Microsoft delivered another set of extraordinary earnings. Despite being the largest company in the world it grew its revenue 22% and operating income 27% against what was a difficult comparative period a year ago. The group's cloud business grew 36% year over year. Alphabet was another technology holding to deliver exceptional results. Revenues grew 39% year over year and operating margins surged to 32%. Norcross announced that its impressive operating performance had continued. Revenue was now expected to be 18% ahead of pre-pandemic levels and consequently earnings will be significantly ahead of the board's previous expectations. Both the UK and South African businesses are benefitting from higher demand as well as market-share gains. Despite facing similar supply chain challenges to many businesses, Norcross has delivered a steady stream of earnings upgrades. It is not immune to the economic cycle but its strategy of consolidating the fragmented bathroom accessory market, acquiring niche brands and extending their distribution, offers excellent long-term growth. The balance sheet has minimal debt, providing significant financial flexibility for further acquisitions.

Creo Medical declined, suffering from ongoing indigestion post its recent capital increase. Despite this year's lacklustre share price performance, we remain very excited about the company's prospects. The shares are not without risk, but the scale of the opportunity is significant and we believe the long-term value of the company could be a multiple of the current share price.

The position in Visa was reduced and the holding in Amazon exited. A unit was taken in Apple post its earnings update.

Fund and index performance source: FE fundinfo

## Fund Facts

**Launch Date:** 1 December 2010

**Benchmark Index:**  
MSCI ACWI IMI Index

**IA Sector:** Global

**Type of Shares:** Accumulation  
**XD Date:** 31 December  
**Pay Date:** 30 April

**Fund Size:** £19.4m

**Fund Manager:**

**Neil Veitch** (Fund Manager)  
Appointed: 01/12/2010  
Years at SVM: 15    Industry Experience: 24

**Fund Charges (OCF\*):**  
Share Class A 1.98%  
Share Class B 1.23%

\*Ongoing Charges Figure includes Annual Management Charge and additional expenses.

**Minimum Investment:**

	Initial	Subsequent
Share Class A	£1,000	£200
Share Class B	£250,000*	£200

\*\*Discounted to £1,000 for Professional Advisers

## Risk and Reward Profile:



The Synthetic Risk & Reward Indicator ('SRRRI') may be a guide to the level of risk of the Fund compared with other funds. The SRRRI is calculated based on the historical volatility of the fund over the last 5 years and it may not be a reliable indication of the future risk and reward profile of the fund.

- This Fund has been classed as 6 because it has experienced high volatility historically.
- The SRRRI category shown is not guaranteed and may change over time.
- The lowest category (1) does not mean risk free and extreme adverse market circumstances can mean you suffer losses in all cases.

As at 02/07/2021

**Past Performance is not a guide to future performance. All financial instruments involve a degree of risk. The value of your investments and any income from them can go down as well as up and you may not get back the amount originally invested.**

**INDEPENDENT THINKING**

## Portfolio Analysis

### Risk Baskets

To help understand the overall balance of the portfolio, stocks are allocated to one of eight risk groups: defensive, cyclical, stable financial, unstable financial, consumer cyclical, oil & gas, mining and finally technology. Most of these groups are self explanatory but financials deserve some clarity. All financials are inherently unstable but in the main, Lloyd's underwriters and General Insurers take less balance sheet risk, so are relatively more stable than Banks or Life Assurers.

Seeing the portfolio broken down into these categories allows an understanding of how aggressive or defensive the overall portfolio is, and where risk is being taken.

Technology	36.0	
Cyclical	22.1	
Consumer Cyclical	19.0	
Defensive	8.8	
Oil & Gas	6.6	
Unstable Financial	3.4	
Stable Financial	0.0	
Mining	0.0	
Cash	4.2	

#### Technology 36.0%

Microsoft	9.8
Alphabet	9.7
MagnaChip Semiconductor	4.2

#### Cyclical 22.1%

Synthomer	5.2
Hitachi	4.4
Alpha FMC	3.6

#### Consumer Cyclical 19.0%

Entain	5.3
Visa	4.3
Norcros	3.5

#### Defensive 8.8%

Uniphar	5.6
Drax Group	1.9
Smith & Nephew	1.3

#### Oil & Gas 6.6%

Jadestone Energy	3.0
Energiean	1.7
Longboat Energy	1.1

#### Unstable Financial 3.4%

Prudential	3.3
Jackson Financial	0.1

#### Stable Financial 0.0%

#### Mining 0.0%

## This Month's Featured Stock

### Ryanair

Ryanair is Europe's leading low-cost airline. The company flies over 2,400 routes across the continent with its fleet of over 600 aircraft.

As the aviation industry across Europe begins to recover from the unprecedented impact of Covid, Ryanair is emerging in a stronger competitive position than ever. Competitor airlines across Europe have either failed or had to shrink their businesses drastically just to survive. Airports, eager to stimulate a swift recovery in passenger numbers, have been keen to offer growth incentives to those airlines that can offer long-term growth prospects. Indeed, such is management's optimism, that

CEO Michael O'Leary has described the current market landscape as the best he has seen in his 30+ years with the airline.

While Ryanair's recently released interim results were impacted by the travel restrictions that were in place across Europe earlier in the year, the outlook was much more promising. Ryanair is close to flying a full flight schedule and load factors are recovering towards pre-Covid norms. The fare environment for peak periods next year is looking very promising. Demand has recovered strongly and total European short-haul capacity is likely to still be 10-20% below 2019 levels. The group also upped its medium-term

passenger number guidance and now expects to carry 225m customers each year by 2026.

Ryanair is not immune from all the challenges facing the airline industry: increasing fuel prices and higher carbon costs will need to be offset and they'd obviously be impacted by any resurgence in Covid. What is true, though, is that the above will have a far more serious impact on Ryanair's peers. Ryanair has a robust balance sheet, expected to be in a net cash position in 18-24 months, and a cost advantage that will only be enhanced as new aircraft are delivered in upcoming years.

## Portfolio Structure

As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation, country or sector. As a consequence The SVM World Equity Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

### Top 10 Holdings

	(%)	
Microsoft	9.8	
Alphabet	9.7	
Uniphar	5.6	
Entain	5.3	
Synthomer	5.2	
Hitachi	4.4	
Visa	4.3	
MagnaChip Semiconductor	4.2	
Alpha FMC	3.6	
Norcros	3.5	
<b>Rest of Portfolio</b>	<b>44.5</b>	

### Geographic Stock Analysis (%)

United Kingdom	40.9	
North America	33.8	
Europe (excluding UK)	10.7	
Japan	6.2	
Asia Pacific (excluding Japan)	4.2	
Latin America	0.0	
Other	0.0	

### Sector Breakdown

	(%)	
Information Technology	27.0	
Industrials	18.3	
Health Care	10.4	
Consumer Discretionary	9.9	
Communication Services	9.7	
Materials	8.6	
Energy	6.6	
Financials	3.4	
Utilities	1.9	
Consumer Staples	0.0	
Real Estate	0.0	



### Size Analysis

	(%)
Mega Cap (>£50bn)	27.9
Large Cap (<£50bn)	22.5
Mid Cap (<£10bn)	22.9
Small Cap (<£1bn)	22.4



### Net Currency Exposure

	(%)
Euro	10.7
Sterling	41.2
US Dollar	36.2
Japanese Yen	6.2
Others	4.2

## Enquiries

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Calls may be recorded

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Share Class A GB00B0KXRB86  
Share Class B GB00B0KXSK43

### MEX:

Share Class A SXUAT  
Share Class B SXUAB

### SEDOL:

Sedol GBP B0KXRB8  
Sedol GBP B0KXSK4

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## Fund Performance

to 31/10/2021

### Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM World Equity Fund B	0.0	23.0	43.8	67.3	89.4	258.9
MSCI ACWI IMI Index	3.2	16.5	30.3	50.5	76.0	234.1

Source: FE fundinfo, as at 31/10/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

\*The Fund was launched on 01 December 2010

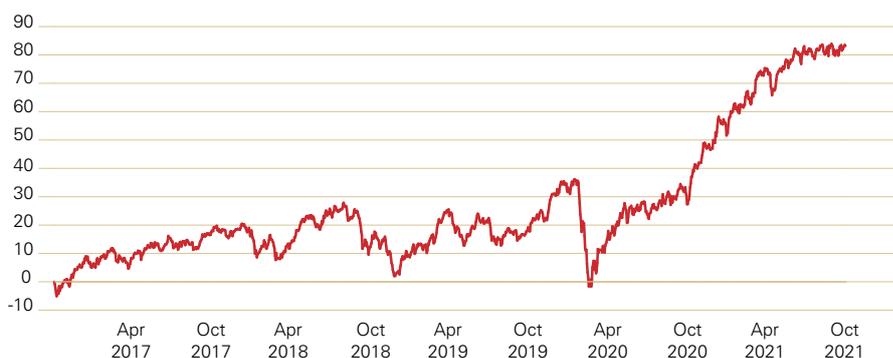
### Percentage growth year on year to 30 September

	2021	2020	2019	2018	2017
SVM World Equity Fund B	41.3	9.9	-2.5	10.9	19.2
MSCI ACWI IMI Index	24.1	5.0	6.9	13.4	15.6
Performance Difference	+17.2	+4.9	-9.4	-2.5	+3.6

Source: FE fundinfo, as at 30/09/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

### Five Year Performance (%)

■ SVM World Equity Fund B



Source: FE fundinfo, as at 31/10/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but it neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

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**This material should not be considered as advice or an investment recommendation. Investors should seek advice from an authorised financial adviser prior to making investment decisions.**

The Fund is to be considered a long term (5 years or more) investment option.

### The Fund incurs the following key risks:

In the event a preliminary charge is levied and an Investor then redeems the investment shortly after investing, they may not get back the original amount due to the initial charges; regardless of any market movements. Tax treatment can change at any time without notice and is beyond control of the Fund. Expenses incurred by the Fund that are chargeable can reduce income and restrain the capital growth of the Fund. Currency movements may cause the value of your investment to fall as well as rise. Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio. There can be no guarantee that the investment objective of a Fund will be achieved or provide the returns sought by the Fund. The Fund may enter into derivative contracts for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus. The Fund is exposed to credit and settlement risk through its dealings with Counter Parties. If a Counter Party business fails, the Fund may incur losses. The Fund is exposed to currency risk. The Fund may use currency management techniques, including hedging and entering into derivatives contracts, for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus. Further information about the risk factors relevant to the Fund can be found in the Prospectus and the Key Investor Information Document.

Unless otherwise stated all data is sourced to SVM.

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